

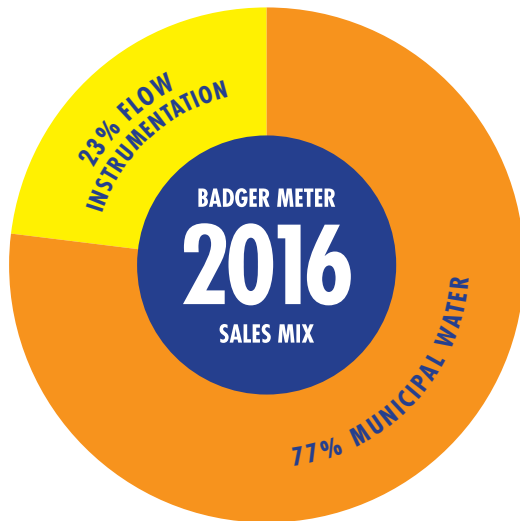


ALWAYS WORKING

**For 112 years, Badger Meter (NYSE: BMI)
has delivered the highest quality products, service and
performance. That drive to be the best and deliver the best is the
foundation for all that we do. You can see it in our relentless pursuit
of technology innovations, our long-term customer relationships,
our highly-skilled workforce and our solid long-term financial
performance. Our products don't stop working when the
sun goes down, and neither do we.**

BADGER METER

is an innovator in flow measurement, control and communications solutions serving water utilities, municipalities, and commercial and industrial customers worldwide.



MEASURE

Our products accurately and reliably measure whatever moves through a pipe or pipeline — including water, air, steam, oil, and other liquids and gases.

MONITOR

Our products and solutions give customers the tools to improve visibility and understanding of what is happening within their systems.

CONTROL

Optimized operational management starts with the highest quality measurement and monitoring solutions from Badger Meter.

MUNICIPAL WATER

MARKET SERVED:
Water utilities



FLOW INSTRUMENTATION

MARKETS SERVED:
Chemical and petrochemical
Oil and gas
Building automation / HVAC
Water and wastewater
Test and measurement
Industrial process
Research and development
Food and beverage
Pharmaceutical
Power generation
Mining
Aerospace
Semiconductor



DEAR

SHAREHOLDERS

My house works for me. I don't mean it fits my needs, which it does. I mean that it is literally working for me. All the time. Clocks, smoke alarms, thermostats, refrigerator, furnace – they are always there, always working. But like most people, I don't give these modern conveniences much thought. I just assume that they will always be working for me.

In the same way, Badger Meter is **always working**. Our products are in your homes and businesses, always accurately measuring the flows of essential resources. Our company is always working for our shareholders, creating value. Our employees are always working for our customers, helping them to address their flow management concerns. For the past 112 years, we have always been working.

A RECORD YEAR

Our company is **always working** to create shareholder value. We are very proud that 2016 was another record year for our shareholders in both sales and earnings. Net sales were \$393.8 million, a 4.3 percent increase over 2015. Our operating earnings increased 19.8 percent in 2016 and our net income was up 24.5 percent.

Our record year for 2016 represents a continuation of many years of strong financial performance, clearly showing that we are **ALWAYS WORKING** for our shareholders.

Our growth and financial results continue to be driven by our strategy to provide leading-edge technology to our customers. Our latest technologies had a major impact on our sales to our water utility customers, which increased 7.6 percent from 2015 to 2016. Sales of our E-Series® Ultrasonic meters and our ORION® Cellular radios each increased over 20 percent for the year. Supported by our

BEACON® Advanced Metering Analytics software, these three products represent the latest in water metering technology. They allow our utility customers to obtain and analyze their water sales in a highly efficient and effective manner. When further combined with our EyeOnWater® application for mobile devices, they enable homeowners to track and optimize their own water usage.

Our flow instrumentation sales continue to lag, primarily due to lower sales into the oil and gas market. Flow instrumentation sales were down 5.3 percent in 2016 compared to 2015. However, we believe that the increased price of oil and the renewed activity in the related energy market could result in increased flow instrumentation sales in 2017 and beyond. With major changes made during this downturn, including staffing reductions, we believe we are well positioned for this possible turnaround.

Over the past 15 years, our average compound annual growth rate (CAGR) for sales has been 7.2 percent per year, while our average CAGR for net income has been 16.3 percent. Our stock price has also reflected these strong results, with a 15-year average CAGR of 18.8 percent. This level of growth, even through what is often called the Great Recession of 2008-2009, has easily outpaced all major indices. We are very proud of these results and our continued focus on creating long-term shareholder value.

Two long-term members of our Board of Directors, Ronald H. Dix and Steven J. Smith, are not standing for re-election at our upcoming annual meeting of shareholders. We thank them for their valuable counsel and many years of service to Badger Meter and wish them all the best.

Our record year for 2016 represents a continuation of many years of strong financial performance, clearly showing that we are **always working** for our shareholders.

ORGANIC AND ACQUISITION GROWTH

We are **always working** on new product development to meet changing customer needs, including newer versions of our E-Series meters and ORION Cellular radios for water metering. We also added a new line of vortex meters in the flow instrumentation area during 2016. Our 2016 research and development spending totaled \$10.6 million.

Our financial position remains very strong. We generated record cash from operations of \$56.2 million and lowered our debt to capitalization ratio from 23.5 percent at the end of 2015 to 12.9 percent at the end of 2016. This low ratio gives us significant borrowing capacity to fund future acquisitions and growth.

And speaking of acquisitions, although we did not complete any significant acquisitions in 2016, we are **always working** on opportunities to make product, technology and business acquisitions to complement our current offerings. We are continuing to pursue our strategy of acquiring or otherwise consolidating much of our distribution network in our North American water meter markets and expect to complete one or two more small acquisitions during 2017. These targeted acquisitions will help us to strengthen our relationships with current customers and efficiently reach new customers. Further, as our technology offerings become more complex and full-featured, we believe it is essential to have a strong field-support presence for our water utility customers. Distributor acquisitions provide this needed level of support for our customers, as well as stronger margins for our company.

We are also continuing to pursue key opportunities in flow instrumentation, as well as new technologies to enhance our current product lines, such as the vortex metering technology we acquired in 2016. We are **always working** to review opportunities to acquire new technologies, or even small start-up companies that have developed unique products with good growth potential. With our strong balance sheet and positive track record on acquisitions, we believe we can continue to create significant shareholder value by finding the right opportunities.

MANAGING OUR RESOURCES

At Badger Meter, we are all proud to be here for our customers, **always working** to help them manage their scarce resources. The mantra in our business is that you can't control what you can't measure, and we provide the meters, the communication systems and the analytics software to enable our customers to measure and control their processes and their products.



In a world where populations continue to grow and economic development continues to stress our environment, the careful management of our available resources – water, oil, chemicals, even wastewater – is becoming more and more essential.

These same devices that help manage our resources also help manage our homes. It seems that every week my wife sends me down into our basement to investigate some strange noise, which usually turns out to be one of her cats attempting to rearrange the storage shelves. I always use these regular basement visits to also check my “mechanicals” – furnace, water softener, humidifier – just to make sure that they are always working. And among them sits a Badger meter, always there, **always working**. It's a good feeling.

A handwritten signature in black ink that reads "Richard A. Meeusen".

Richard A. Meeusen
Chairman, President and Chief Executive Officer

ALWAYS WORKING FOR OUR

CUSTOMERS

We are **always working** to **anticipate customer needs** and then develop creative solutions to fill them. When California Water Service (Cal Water), the third-largest publicly traded water utility in the United States, wanted to enhance its customer service and **drive greater understanding of water use**, Badger Meter was there to help. Working in partnership with the utility and its billing vendor, we developed a new online portal that allows consumers to safely and securely view graphs of their historical water consumption, access current and past water bills, and make payments.



EyeOnWater® app

Our **broad and expanding portfolio** of solutions includes industry-leading technologies in the municipal water market, such as our E-Series® Ultrasonic meters, ORION® Cellular technology and BEACON® Advanced Metering Analytics (AMA) software. The newest product in our flow

instrumentation line is a family of vortex meters that reliably measures the flow rate of liquids and gases, including energy flow and heat transfer in commercial buildings.

Completed in 2016, our interactive **Customer Experience Center (CEC)** shows customers how our products are made and tested and demonstrates why they are the best in the market. The CEC includes the largest indoor flow meter testing facility in North America, as well as training and conference room space.

About 70% of the earth's surface is covered with water, but less than 1% is fresh water.

1 to 2.5 gallons of water are used to refine a gallon of gasoline.



Our products are only as great as the people who engineer them, manufacture them and support them. That's why we are **always working** to create an employee culture rooted in **excellence and innovation** – a destination for the very best and brightest. We continually invest in the latest equipment and technology, which not only produces the highest quality products, but also enables employees across the company to work smarter and more efficiently.

From our manufacturing plants to our engineering labs to our sales team, our employees are working to bring forward **solutions to complex problems**. Our world-class innovation center allows employees to test new ideas and products on site, and creative space in Milwaukee's Global Water Center is an incubator for our engineers who are working on the next big idea. That spirit of **continuous improvement** – visible from our earliest days – is what makes Badger Meter a destination workplace for those who want to be on the cutting edge of water technology.

ALWAYS WORKING FOR OUR

EMPLOYEES



Badger Meter is committed to driving increased value for our shareholders through **solid financial performance** and strategic growth initiatives. In 2016, we achieved record sales, earnings and earnings per share, and marked our 24th consecutive year of increased dividend payments. Over the past five years, we delivered an annualized total return to shareholders of 21.8 percent.

To achieve these strong long-term results, Badger Meter is **always working** to be the first, the best or the only in the industry. We were the **first** major water meter company to release a cost-effective cellular-based solution for system-wide deployment, as well as the first to offer an ultrasonic residential water meter. Our Recordall® residential disc meters are among the most **accurate** in the market as determined by an independent study. We remain the **only** major U.S. independent water meter manufacturer, a distinct advantage in anticipating and reacting to industry changes that will affect our customers.

Our strong balance sheet provides a foundation for our continued growth, both domestically and internationally.

ALWAYS WORKING FOR OUR

SHAREHOLDERS

ALWAYS WORKING FOR OUR

FUTURE

We believe that the future of our company, our customers, our employees, our shareholders and the world we all inhabit relies on the strategic choices we make today. That's why we are **always working** to develop and execute a defined **growth strategy** to expand our reach and achieve our business objectives.

That means pursuing organic growth by never wavering from our promise to deliver **best-in-class** products and service. When the right opportunities arise, it also means pursuing strategic acquisitions that expand our technologies, product portfolio or footprint. It means we are always focused on innovation and developing **first-to-market** products that anticipate the changing needs of our customers.

Our commitment to growth is based on the **global need for fresh, clean water**, which makes our products increasingly vital to the future of our shared world.

We take our

role as a steward of fresh water and our other precious resources very seriously, and we pledge to do our part to make sure the **future of water** is a bright one.



PERFORMANCE DATA

DECEMBER 31,

2016

2015

% CHANGE

OPERATIONS (DOLLARS IN THOUSANDS)

Net sales	\$ 393,761	\$ 377,698	4.3
Net earnings	\$ 32,295	\$ 25,938	24.5

DILUTED PER COMMON SHARE AMOUNTS

Diluted earnings	\$ 1.11	\$ 0.90	23.3
Cash dividends	\$ 0.43	\$ 0.39	10.3
Net book value	\$ 8.80	\$ 8.00	10.0

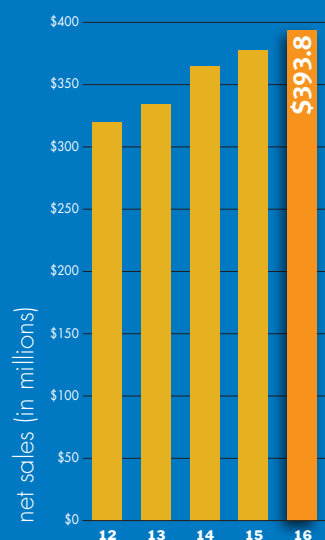
YEAR-END FINANCIAL POSITION (DOLLARS IN THOUSANDS)

Total assets	\$ 349,699	\$ 355,480	(1.6)
Total debt	\$ 37,950	\$ 71,360	(46.8)
Shareholders' equity	\$ 256,209	\$ 232,275	10.3
Debt as a percent of total debt and equity	12.9%	23.5%	(45.1)
Net earnings as a percent of ending equity	12.6%	11.2%	12.5

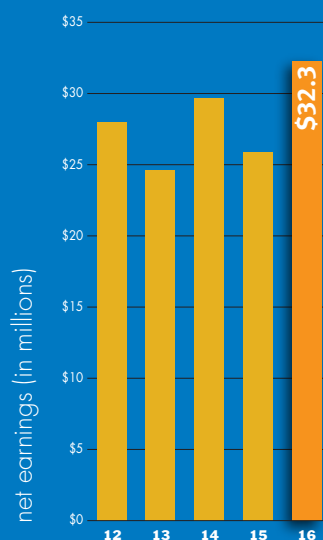
OTHER

Number of employees	1,562	1,514	3.2
Number of shareholders:			
in employee plans	607	599	1.3
of record	922	948	(2.7)
Shares outstanding at December 31	29,118,532	29,049,644	0.2

SALES



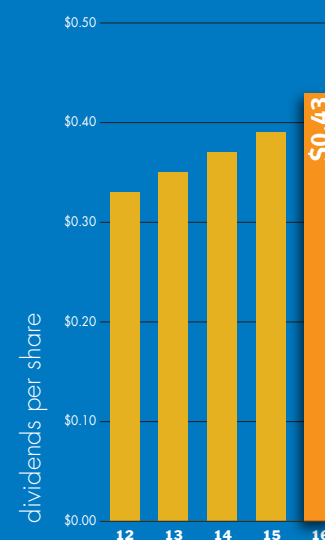
EARNINGS



EPS



DIVIDENDS



BOARD OF DIRECTORS

RICHARD A. MEEUSEN

Chairman, President and Chief Executive Officer, Badger Meter, Inc.

TODD A. ADAMS

President and Chief Executive Officer, Rexnord Corporation

RONALD H. DIX (3)

Retired Senior Vice President – Administration, Badger Meter, Inc.

THOMAS J. FISCHER (1, 3)

Consultant in Corporate Financial and Accounting Matters; Retired Partner, Arthur Andersen LLP

GALE E. KLAPPA (1, 2)

Non-executive Chairman, WEC Energy Group

GAIL A. LIONE (LEAD DIRECTOR) (2, 3)

Adjunct Professor, Georgetown University School of Law; Retired President, The Harley-Davidson Foundation; and former Executive Vice President, General Counsel and Secretary, Harley-Davidson, Inc.

ANDREW J. POLICANO (3)

Chaired Professor and Director, Paul Merage School of Business, University of California – Irvine

STEVEN J. SMITH (1, 2)

Retired Chairman of the Board, Journal Media Group

JAMES F. STERN

Executive Vice President, General Counsel and Secretary, A.O. Smith Corporation

GLEN E. TELLOCK

President and Chief Executive Officer, Lakeside Foods

TODD J. TESKE (1, 2)

Chairman, President and Chief Executive Officer, Briggs & Stratton Corporation

Committees of the Board

1. Audit and Compliance

2. Compensation

3. Corporate Governance

EXECUTIVE OFFICERS

RICHARD A. MEEUSEN

Chairman, President and Chief Executive Officer

RICHARD E. JOHNSON

Sr. Vice President – Finance, Chief Financial Officer and Treasurer

FRED J. BEGALE

Vice President – Engineering

WILLIAM R. BERGUM

Vice President – General Counsel and Secretary

GREGORY M. GOMEZ

Vice President – Flow Instrumentation

HORST E. GRAS

Vice President – International Operations

TRINA L. JASHINSKY

Vice President – Human Resources

RAYMOND G. SERDYNSKI

Vice President – Manufacturing

BEVERLY L. SMILEY

Vice President – Controller

KIMBERLY K. STOLL

Vice President – Sales and Marketing

CORPORATE INFORMATION

BADGER METER, INC., HEADQUARTERS

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Milwaukee, Wisconsin 53224-9536
(414) 355-0400
www.badgermeter.com

DOMESTIC FACILITIES

Milwaukee, Wisconsin
Racine, Wisconsin
Tulsa, Oklahoma
Scottsdale, Arizona
Los Gatos, California
Centennial, Colorado

FOREIGN FACILITIES

Stuttgart, Germany
Nogales, Sonora, Mexico
Brno, Czech Republic
Bern, Switzerland

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, Milwaukee, Wisconsin

TRANSFER AGENT

American Stock Transfer & Trust Company, LLC
New York, New York
(877) 248-6415
www.amstock.com

LISTING OF COMMON STOCK

New York Stock Exchange; Symbol—BMI

BMI
LISTED
NYSE

FORM 10-K REPORT/SHAREHOLDER INFORMATION

A copy of the company's fiscal 2016 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report. Shareholder information, including news releases and Form 10-K, are available on the company's website: www.badgermeter.com. Shareholders who hold their stock in nominee or "street" name can receive shareholder information directly from the company. Please direct inquiries to: Shareholder Relations, Badger Meter, Inc., P.O. Box 245036, Milwaukee, WI 53224-9536, or call (414) 355-0400.

ANNUAL MEETING

Shareholders are encouraged to attend the 2017 annual meeting at 8:30 a.m. on Friday, April 28, 2017, at Badger Meter, Inc., 4545 W. Brown Deer Road, Milwaukee, Wisconsin 53224.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document, as well as other information provided from time to time by the company or its employees, may contain forward looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. Please see page one of the enclosed Form 10-K for a list of words or expressions that identify such statements.

AUTOMATIC DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Badger Meter's Dividend Reinvestment and Stock Purchase Plan is a convenient way to acquire shares of company stock. To receive a prospectus describing the plan and an enrollment card, please contact our plan administrator, American Stock Transfer at (877) 248-6415, or visit their Web site at: www.amstock.com.

DIRECT REGISTRATION SYSTEM

Shareholders of Badger Meter common stock can hold their shares in uncertificated/book entry form at the Transfer Agent. Current shareholders who wish to transfer their existing shares to Direct Registration should mail their stock certificates to American Stock Transfer per the instructions on their website at www.amstock.com. For more information, please call American Stock Transfer, (877) 248-6415.

CERTIFICATIONS

The company filed as exhibits to its fiscal 2016 Form 10-K the certifications of the Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act. The company also submitted to the New York Stock Exchange during 2016 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

TRADEMARKS

Trademarks appearing in this document are the property of their respective entities.



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